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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

September 5, 2002

FINANCE MEMORANDUM

MEMO NO. 02-13

TO: All Department Heads

FROM: Stanley Shiraki
Director of Finance

A handwritten signature in black ink, appearing to read "Stanley Shiraki".

SUBJECT: **Program and Financial Plans and Executive Biennium Budget for the Period 2003 Through 2009**

The attached instructions and guidelines are to be used to prepare the Executive Biennium Budget and Program and Financial Plan for the period 2003-2009.

Background

In the budget and planning period ahead, program funding patterns are expected to be significantly affected by one or more of the following factors: the uncertain state of our economy; increasing costs of government's legal and social obligations; public pressure to identify and remedy areas of government duplication and inefficiency; and, in this transition year, the need to accommodate different priorities.

As such, the form and content of our budget for Fiscal Biennium (FB) 2003-2005 and Planning Period 2003 through 2009 must be prudent yet relevant and accurate but flexible. We have designed our budget approach to address those objectives.

Highlights of the Budget Approach

- All Means of Funding (MOF) shall be subject to these guidelines, including **appropriated** federal and **appropriated** trust funds. In keeping with efforts to identify and remedy areas of government inefficiency, all expenditures of public funds will be subject to evaluation and review *unless otherwise noted*.

- The operating base budget will be a “ceiling” budget. In general, there will be no increases allowed above FY 03 allocation levels, except for fixed costs and entitlements specifically identified in these instructions by the Department of Budget and Finance (B&F). Proposals for trade-offs, reprioritizations and transfers will be permitted.
- Five percent reduction packages will be required from departmental ceiling budgets for general, special and revolving funds. Reductions are being proposed to ensure that timely funding will be available to accommodate unanticipated contingencies.
- Program Catalogs, submitted by departments in accordance with Director of Finance Memo No. 02-09 (Update of Program Review), will be considered in conjunction with their budget requests, to support funding priorities and/or proposed reductions. Similar memos dated July 10, 2002 (Program Catalog), were sent to the University of Hawaii (UH) and the Department of Education (DOE).
- CIP biennium budget requests will be strictly limited. No additional or new requests for general obligation (G.O.) or general obligation reimbursable (G.O.R.) bond funding will be allowed unless the request is required to complete an essential/priority project already in progress. Departments shall submit a prioritized list of all other currently authorized projects where implementation has not begun for possible lapsing. Number “1” shall represent the department’s highest priority, and so on.

Budget Requirements for FB 2003-05 and Planning Period 2003-2009

Executive budget requests will consist of the following submissions, which are explained, in **Attachment 1**.

A. Operating

1. Department Budget Ceiling(s) (Form CS-a)

- B&F will collaborate with departments to establish FB 2003-05 **departmental** budget ceilings by MOF (**Exhibit A**).
- Departments shall submit budget ceilings for each program ID/org. code by MOF; the total of which should coincide with departmental budget ceiling MOF summaries established by B&F, and a department summary.

2. “Base Budget” Submissions (Form CS)

- **Form CS** submissions shall be by program ID/org. code and MOF, with a departmental summary.
- “FY 04 and FY 05 ceiling requests” on **Form CS** should be based on **Form CS-a “Base ceiling”** recommendations.

- **Form A** back-up sheets shall be submitted with each **Form CS** to describe and justify trade-off/transfer adjustments and (allowable) increases.
3. 5 % Net Reduction Summary Submissions (**Form CS-minus**)
- A department summary shall be submitted showing reduction proposals of 5 % for each departmental MOF ceiling amount, except for “federal funds,” “private contributions,” “county funds,” interdepartmental transfers,” and “other funds.”
 - Budgeted “Debt Service/Fixed Cost/Entitlement” amounts identified in Item 3c, Attachment **2**, should be deleted from the **Form CS-a** base ceiling before calculating the departmental 5% reduction. **((Form CS-a LESS FY 03 budgeted amounts for debt service/fixed costs/entitlements) X .05 = 5% minus target.)** See Exhibit A for 5% reduction target.
 - **Form A** back-up sheets shall be submitted for each program ID/org. code adjusted, with details of the adjustment.
4. Updated A, B, C Tables and BJ details based on budget submittals in Forms CS and CS-minus.

B. **Capital Improvements**

Tables P, Q, R; and a Form S summary are to be submitted.

C. **Departmental Overview**

All submissions due on October **4**, 2002 (see due dates below), should be under the cover of a transmittal memo that summarizes and describes the department’s operating and CIP requests, including their relation to priorities established in the program catalog.

D. **Due Dates at Budget and Finance**

1. **Forms CS-a** (by program ID/org. code, and MOF) are due to B&F no later than Friday, October 4, 2002. **Totals by MOF of all forms CS-a** (at the program ID/org. code level) should coincide with department totals on B&F’s ***Departmental Budget Ceiling*** spreadsheet.
2. **Forms CS and CS-minus (with supporting Form A documentation), CIP, C/B information, Summaries and Overview**, shall be due to B&F no later than Friday, October 4, 2002.
3. Updated A, B, C Tables and BJ details are due pending decision-making in November 2002.

Departments and agencies are reminded that the upcoming biennium budget submission will occur during a period of administrative transition and every effort should be made to provide the level of information, review and evaluation necessary for informed and timely decision-making.

The attachments referenced below should provide specific guidance in the development of your budgets and long-range funding plans. If there are any questions, contact the budget analyst assigned to your department.

Attachments:

1 *“Required Budget Submissions”*

2 *“General Budget Guidelines for FB 2003-05 and Out-Years”*

3 *“Operating Budget Detail Guidelines for FB 2003-05 and Out-Years”*

Exhibit A “FB 2003-05 Department Ceiling and 5% Reduction Target”

*“Instructions for Preparing Program and Financial Plans and Program Budget Requests”
(August 2002)*

“Form CS-a”

“Form CS”

“Form CS-Minus” (summary)

“Form A”

“(Form CB-1” with instructions

“Forms P, Q, R, and S” (for CIP submissions)

“Form PAB” with instructions (CIP)

REQUIRED BUDGET SUBMISSIONS

Operating

The following forms, as applicable, must be completed according to the schedule noted, as part of the departmental operating budget submission.

1. Separate **Form CS-a** shall be submitted for every program ID (or organization code, as applicable), for each Means of Financing (MOF), with a department summary. The total of all departmental Forms CS-a shall coincide with the Department of Budget and Finance's (B&F) *Departmental Budget Ceiling Summary* for FB 2003-05.

Form CS-a shall reflect allocated FY 03 departmental levels of funding, as adjusted, which shall serve as the basis for FB 2003-05 departmental budget proposals and requests. Submission of **Form CS-a** is a prerequisite for Departmental Base Budget Submissions (**FORM CS**) and other required budget submissions.

Note: B&F provided departments with a preliminary summary budget ceiling (Form CS-a) based on FY 03 appropriations from Act 259, SLH 2001, as amended by Act 3, 3rd SpSLH 2001, and Act 177, SLH 2002, with adjusted allocations for collective bargaining and other ongoing operating costs authorized by specific legislation. Non-recurring funding had also been deleted, but future collective bargaining increases over FB 2003-05 and the planning period through 2009 have not been considered nor included. (See also **Exhibit A.**)

2. **"Base Budget" Submissions (Form CS)** shall reflect allowable proposed budget requests or priority adjustments for each fiscal year of FB 2003-05, including any trade-off/transfers, that are within adjusted FY 03 departmental position and dollar allocation amounts as established by B&F's *Departmental Budget Ceiling Summary Form CS-a*. Form CS allows departments to reprioritize funding priorities, to best utilize limited resources.
 - a. Individual fiscal year requests shall be based on departmental FY 03 allocation ceiling amounts shown in **FORM CS-a** as **"FY 04 Base Ceiling"** and **"FY 05 Base Ceiling,"** respectively.
 - b. "Base Budget" submissions (Form CS) may include the following "non-add" departmental priority adjustments:
 - Intradepartmental trade-offs and transfers between allocations with the same MOF.

- Workload increases with equivalent trade-off reductions between allocations with the same MOF.
- Proposed position variances within department position ceilings and available fund allocation ceilings, as needed.

Note: Net departmental adjustments should **not** result in increases to FY 04 and FY 05 position and MOF dollar ceiling amounts which exceed **FY 03 Form CS-a base ceiling amounts, except** for funding increases identified in “c” below, which must still be reviewed and approved by B&F.

- c. Departmental requests for increases to the “Base Budget” may be submitted ONLY for the following, with the review and concurrence of B&F (**“Allowable Increases”**).

- Fixed costs and/or entitlements in excess of amounts allocated in FY 03. (See allowable fixed costs and/or entitlements identified in Item No. 3c in **Attachment 2** (*General Budget Guidelines for FB 2003-05 and Out-Years*).)

Note: Net increases may not be requested on this form for costs or entitlements not identified in Attachment **2**.

- School instruction costs associated with enrollment increases, and operating costs associated with new facilities scheduled for use in FY 04 and FY 05, as appropriate.
- **Other-than-general fund authorizations** may be increased where a commensurate reduction in general fund requirements will be the result, or the program is 100% funded by non-general funds and will require allowable increases. Any adjustment to non-general fund authorizations must be consistent with the statutory purpose of the fund, and have sufficient revenues, A financial plan must accompany budget requests to verify the availability of adequate resources.

Total departmental authorizations of any MOF may not be increased without the review and concurrence of B&F unless the increases are identified as allowable above. Requests for “allowable increases” shall still be subject to B&F review for appropriateness.

- Increases to accommodate fringe benefit rate increases (see Item No. 1, Attachment 3).
- Other allowable increases identified in Item No. 3, Attachment **2**.

A **separate Form CS request form, together with a separate Form A (Back-up Worksheet)** shall be submitted **for each MOF** for every program ID/org. code. For programs with no change, indicate “no adjustments from Form CS-a,” or “same as Form CS-a.” Budget information on Form A should be as detailed as possible (“position descriptions,” “contract services,” “passenger car,”) to facilitate the update of BJ details.

A departmental summary of **ALL programs** (including those with no changes from **Form CS-a**) and their requests should also be submitted. Identify the departmental summary on Form CS by writing “DEPARTMENT” for “Program ID.”

3. **A 5% Net Reduction Summary Submission (CS-minus)** is required for each of the FYs 04 and 05, respectively, for general, special and revolving funds. **Note:** The 5% reduction amount shall be based on the Departmental Summary **Form CS-a ceiling for FB 2003-05 LESS FY 03 budgeted amounts for debt service/fixed costs/entitlements** which are identified in Item 3c, Attachment 2, of these instructions. (See Exhibit A for your department’s “5% reduction target.”)

This submission would be in prioritized summary form showing deletions and/or reductions totaling 5% of the total adjusted departmental ceiling budget (CS-a) for general, special and revolving funds, respectively. Reduction options are to be ranked in priority order from “(1)” as “first to be reduced” to “last to be reduced.” **Each MOF shall propose reductions totaling 5% of its adjusted departmental ceiling budget (Form CS-a).** As noted before, identified reductions are intended to provide funding flexibility for contingencies.

FORM A (Back-up Worksheets) are to be submitted for each org. code/program ID affected by a prioritized “decrease.” Note that prioritized decreases may or may not represent single items. Certain prioritized reductions may entail all costs related to a particular program objective.

Note: Trade-off/transfer adjustments should not be counted as “reductions” unless the net effect of a trade-off or transfer results in a departmental funding reduction.

4. Updated A, B, C Tables and BJ details based on budget submittals in FORMS CS, AND CS-minus.

Capital Improvements

1. New CIP submissions shall be strictly limited (see Attachment 2). Allowable CIP requests shall be submitted on completed loose **Tables P, Q, and R** and entered on the **Form S** summary (*Departmental Summary of CIP Biennium Budget Requests*) provided in **Attachment 2**. New CIP priority requests shall be listed as (1), for most important, and so on.

2. **Form PAB** shall be submitted for every project request.
3. **Form S** (Departmental Summary *of* **CIP** Biennium Budget Requests), shall be used to summarize the department's total CIP budget submission, by program ID, including: new requests (no. 1 above); proposed lapsing of FB 2001-03 or other current authorization balances; changes in MOF; etc.

Departmental Overview

A transmittal memo should summarize and describe how the department's overall objectives and/or themes are addressed by their biennium budget submissions, including CIP. The overview should include "Summaries *of* Request" for each MOF and should generally describe the contents of the biennium budget submissions and provide a clear statement of how departmental priorities were determined, including their progress in implementing program cataloging recommendations and/or reorganization efforts.

All budget submissions will be subject to the review and evaluation of B&F and the Governor. Agencies are responsible for providing any information which may be required for the review of such submissions.

GENERAL BUDGET GUIDELINES FOR FB 2003-05 AND OUT-YEARS

Applicability

Required budget submissions shall include all costs of all State Executive Branch programs or agencies, including research and development, operating and capital regardless of the means of financing (MOF).

All MOF shall be identified, whether the expenditure of any sum was authorized by prior appropriation acts, is authorized by existing law, or requires new authorization except that amounts requiring new authorization shall be appropriately identified.

Operating Budget

1. **Base budget (Form CS)** requests shall generally be limited to FY 03 budget allocation ceilings, as adjusted **(department budget ceiling (Form CS-a) + trade-off/transfers and allowable increases)** (see Exhibit A). Departmental operating “base budget” requests for each fiscal year of the fiscal biennium (FB) 2003-05 shall not exceed ceilings as provided by the Department of Budget and Finance (B&F) in **Form CS-a**, except as provided in **Item No. 3** below.
2. **Base budget** submissions shall conform to the following guidelines.
 - a. All currently filled positions must be full-funded. Any vacant or new positions to be included in FB 2003-05 must be funded at a minimum of 9 months in FY 04 and 12 months in FY 05. Funding for vacancies may be less than the minimum if the anticipated duration of the position’s employment is known to be shorter.
 - b. Department requests for additional workload requirements must be accommodated within the “Base Budget” ceiling amount, except as provided in Item No. 3 below.
 - c. In light of position ceiling limits, variances to existing authorized positions should be proposed during budget formulation to accommodate changes in program needs. All such requests for change should be supported with appropriate justification.
 - d. The following **SHOULD NOT** be included in the departmental base budget:
 - Increases for program expansions or improvements; the establishment of new programs , services or activities.
 - Program activities requiring legislation to support expenditures (change in statutory responsibilities, fees, etc.)

- Funding for pilot or demonstration projects.

3. **Allowable Base Budget Submissions (Form CS):**

- a. Non-add intradepartmental adjustments (trade-offs and/or transfers between position and funding allocations with the same MOF) shall be identified on **Form CS** and justified on **Form A** by org.code/program ID.
- b. Changes in MOF. Changes in FY 03 allocation MOF sources may be proposed if **a)** it does not result in requirements for additional direct or indirect general support to the department; **b)** it is consistent with the statutory purpose of the funds involved; and **c)** projected levels of fund receipts/revenues will be available to accommodate the change in MOF. Changes shall be identified on **Form CS** and justified on **Form A**, by org. code/program ID.
- c. Debt Service/Fringe Benefits/Entitlements. Projected requirements for the following debt service, employee fringe benefits, and/or entitlements should reflect “best estimate” requirements for each fiscal year. Increases over FB 2003-05 allocation ceiling levels (Form CS-a) shall be separately identified on **Form CS** and appropriately justified on **Form A** by the respective programs and/or departments. Note: B&F shall notify the University of Hawaii and Department of Education of debt service (c. 1) and fringe benefit costs (c.2) to be included in their budgets.
 - c.1 Debt Service

BUF 115: Principal and interest on general obligation (G.O.) bonds.
 - c.2 Fringe Benefits

BUF 141: Pension Accumulation, Minimum Pension, Pensioners’ Bonus, Social Security, and Social Security-Legislative Staff.

BUF 101: Employers Health Fund premium.

EDN, UH, HRD: Workers’ Compensation payment and Unemployment Insurance costs.
 - c.3 Other Entitlements

HMS 201: General and federal fund payments for temporary assistance to needy families.

HMS 202/601: General fund payments to assist the aged, blind, and disabled.

HMS 203: General fund payments for temporary assistance to other needy families.

HMS 204: General assistance.

HMS 230/603: General, federal, and other funding for health care payments.

HMS 245: General and federal fund payments for QUEST health care payments.

HMS 303: General and federal payments for child foster care payments.

HMS 305: Child care.

d. DOE Instruction

Operating costs associated with new facilities scheduled for use in FY 04 and FY 05, respectively.

Budget requests for EDN 400, EDN 150 and EDN 100 related to enrollment increases may exceed FB 2003-05 allocation ceiling levels (**Form CS-a**) for each respective program.

e. Court Orders/Consent Decrees

Increases over FB 2003-05 allocation ceiling levels (**Form CS-a**) for court ordered/consent decree expenses (such as *Felix*), including witness fees, court-appointed counsel.

f. Mental health requirements which could not be accommodated within FB 2003-05 position and dollar ceilings.

g. Risk management requirements which could not be accommodated within FB 2003-05 position and dollar ceilings.

h. Appropriated Trust and Appropriated Federal Funds. Trust and Federal fund ceilings may be increased if such funds entail no general fund support; if sufficient revenues will be available to accommodate such budgeted increases; and if the increase will not result in additional direct or indirect general, special, or revolving fund support to the department.

4. Financing Agreements

Chapter 37D, HRS, provides separate requirements for the budgeting and management of “*financing agreements*” and related transactions.

A “*financing agreement*” includes any lease purchase agreement, installment sale agreement, loan agreement, line of credit, or other agreement to finance the improvement, use, or acquisition of real or personal property that is or will be owned or operated by the State or any agency or to refinance any such previously executed financing agreement including certificates of participation relating thereto.

It applies but is not limited to, agreements involving tangible personal property, software (including software, training, and maintenance contracts related to the operation of computer equipment), fixtures, and property rights. (See E.M. No. 96-17, dated November 15, 1996, relating to financing agreements.)

All funding for such financing transactions and liabilities are required to be budgeted as a separate cost element in each fiscal year.

“Operating” and “Research and Development” cost categories must now include a separate cost element for “*current lease payments*,” in addition to the existing “personal services,” “other current expenses,” “equipment,” and “motor vehicles.” **Note:** Any lease purchase agreement, master lease agreement, installment sale agreement, or other similar financing agreement used to fund “personal services,” “other current expenses,” “equipment,” or “motor vehicles,” should be included on a separate **Table “BK”** for “current lease payments.”

5. Attached **CB-1 forms** should be completed to identify non-salary cost items.
6. **Attachment 3 (*Operating Budget Detail Guidelines for FB 2003-05 and Out-Years*)** should be referenced for specific operating detail guidelines.
7. The following forms, as applicable, must be completed as part of the departmental operating budget submission. See **Attachment 1 (*Required Budget Submissions*)** for more detailed descriptions of required budget submissions.
 - a. **Form CS-a** (by organization code/program ID, with departmental summary). The department’s summary total should coincide with **B&F’s Summary Budget Ceiling Form CS-a**.
 - b. **Form CS** with **Form A** back-up sheets for every organization code/program ID, with departmental summary. For programs with no adjustments made, indicate “no adjustments from Form CS-a.”
 - c. **Form CS-minus** prioritized departmental summary, with **Form A** sheets for every org. code/program ID affected by a “minus.”
 - d. **Updated A, B, C tables and BJ details** based on budget submittals in Forms CS, and CS-minus. Note: To be submitted in November 2002.

Capital Improvement Budget

1. New G.O. Bond, General Obligation Reimbursable (G.O.R.) Bond, and general funded Capital Improvement Projects (CIP) requests are strictly prohibited.
 - a. New requests may be considered only where the request is required to complete an essential, priority project already in progress.
 - b. Departments shall prioritize, for possible lapsing, all other currently authorized projects where implementation has not begun.
2. Projects funded by “financing agreements” instead of long-term debt proceeds. Whenever the financing transaction used in any project (or cost element therein) does not entail funding by G.O. or other long-term debt, but entails a “financing agreement” as defined by Chapter 37D, HRS, **the portion thus financed shall be submitted as a separate and distinct project.** The title of such a project shall refer to the financing mechanism as well as the project (e.g., “Lease-purchase of Land for Kamehameha Highway Extension,” to be funded by special funds). See also this Attachment, Item No. 4 under “Operating Budget,” and E.M. No. 96-17, dated November 15, 1996, for further clarification of “financing agreements.”
3. Departments requesting CIP financed by revenue bonds must ensure that the public undertaking so funded will be self-supporting; that the responsible program will be able to impose appropriate rates and charges to accommodate the cost of the undertaking including the payment of principal and interest; and that a special fund has been authorized to ensure the availability of dedicated funds for such purposes.

Departments requesting CIP funded by revenue bonds should consider the impact such authorizations would have on their departmental special fund operating budget requirements, and the special fund ceiling limitations imposed on departmental operating budgets.

4. As appropriate, departments must ascertain the relationship between current and future facility costs (e.g., renovation, CIP) associated with operating requests and vice-versa.

Departments are reminded to make the appropriate funding adjustments for *operating costs* associated with the lapsing of currently-authorized CIP projects in this budget request.

5. User and expending agencies of CIP which are funded by G.O./G.O.R. bonds are reminded of compliance requirements of the Tax Reform Act of 1986, including amendments thereto. **Form PAB** (attached) must be completed for every project to be funded with G.O. and G.O.R. bond funds. If assistance in completing this form is required, the Financial Administration Division of B&F should be contacted.

6. Agencies should consider the feasibility of participating in the development of a joint use facility before requesting CIP funding for single agency facilities.
7. **CIP Submission Requirements.** Executive capital improvements budget requests and/or adjustments shall be submitted according to the following procedures:
 - a. Computer turnaround forms by project and program which were authorized by Act 259, SLH 2001, as amended by Act 3, 3rd SpSLH 2001, and Act 177, SLH 2002, will be provided. Turnaround forms are to be used to request additional funds for FB 2003-05 for existing projects.
 - b. **Table R** (loose form) is to be used to justify requests for new projects or additional funding of existing authorized projects.
 - c. Each project description must begin by stating the cost elements requiring appropriations in the budget biennium. Where project descriptions and appropriated cost elements do not coincide, appropriate amendments should be made to the project description on **Table P**.
 - d. New CIP requests shall be submitted on completed loose **Tables P, Q, and R** and a **Form S** summary. Requests on **Form S** shall be prioritized with (1) as "highest priority," and so on.
 - e. Projects proposed for lapsing shall also be reported on the **Form S** summary and prioritized for lapsing. (1) shall be "first to be lapsed," and so on.

Other Requirements

1. Where proposed program or budget adjustments will require statutory amendments or specific legislation, departments shall prepare necessary legislative proposals, and shall coordinate such submissions with the Governor's Office.

Details of such proposals shall be made available as part of the department's budget justification.

2. Where program or budget requests entail coordination between programs or departments, participating agencies shall ensure that clear delineations of responsibility have been mutually established and are legally permissible; and that appropriate implementation and/or funding mechanisms are available, including the possible inclusion of clarifying budget language.
3. Special and other non-general funded departments and programs must conform to these budget submission requirements. Further, such departments and programs should be reminded of Section 37-52, HRS, which provides that *"... departments and establishments shall not be authorized to make expenditures out of any special fund in*

excess of the monies available in the special fund.” Budget requests, therefore, should not exceed anticipated total resources available in the (non-general) fund for the specified fiscal year. Any changes should be reported to B&F. *A financial plan should accompany the budget request of each special or revolving fund to verify the availability of adequate resources.*

4. State agencies contemplating the creation of new programs should be aware of Section 37-68(1), HRS, which requires departments to justify proposed requests for new programs by first demonstrating that such programs are appropriate functions of State government, and can be implemented by government as cost-effectively as the private sector.
5. Departments and agencies are reminded that administration decisions to recommend approval of program and capital improvement requests shall be determined by the conformance of such requests with the overall theme, goals, objective, policies, and priority guidelines contained in Chapters 226 and 225M, HRS, relating to State and Functional Plans.
6. Before submitting operating and capital budget requests for energy funding, departments and agencies shall consult with the energy coordinator at the Department of Business, Economic Development and Tourism for specific energy-related standards, guidelines, and goals, pursuant to State energy policies mandated by Act 77, SLH 2002. All energy-related budget requests must be consistent with such standards, guidelines, and goals.

OPERATING BUDGET DETAIL GUIDELINES
FOR FB 2003-05 AND OUT-YEARS

1. Fringe Benefits

Preliminary estimates of the composite fringe benefit rate are **33.0%** for FY **04** and **34.6%** for FY 05. Departments should use these estimates until updated rates can be determined. Departments will be informed of approved rates as soon as such rates are available.

2. Services-on-a Fee Basis

Expenditures for “services-on-a-fee-basis” must be separated into the following two categories and should be reported on the BJ-2, as appropriate:

- 29AA Personal Services Rendered by Other State Departments and Agencies (State Employees)

This category applies to funds budgeted in “services-on-a-fee-basis” which provide for the full or partial payroll of other State employees servicing the department in some capacity (i.e., Attorney General’s salaries paid by the department serviced, etc., including appropriate funding for fringe benefits).

- 71AA Services-on-a-FeeBasis (Other than State Employees)

This category applies to the contracted services of individuals or organizations which are not employees or agencies of the State.

3. Electronic Data Processing (EDP) Budget Details

Requests for EDP-related positions, equipment, supplies, or activities will continue to be specifically identified in the appropriate tables. Subject to this requirement are requests for EDP-related personnel, contract services, hardware, software, maintenance, supplies, teleprocessing and visual display devices, and any other EDP-related costs as defined by A.D. 77-2 (Policy on Electronic Data Processing Services in the Hawaii State Government). The provisions of this requirement also apply to both the University of Hawaii and the Department of Education.

Personnel costs are to be appropriately identified in either the Table BJ-1 or BJ-1A. Tables BJ-2 shall be used for EDP-related “Other Current Expenses,” and BJ-3 for EDP “Equipment.”

Any items or services to be acquired through leases or other financing agreements as defined by Chapter 37D, HRS, should be budgeted on Table BK-2 or BK-3 using appropriate object codes.

4. Purchases of Health and Human Services and Culture and Arts Grants

Funding may be included within departmental ceiling levels for both years of FB 2003-05. Departments anticipating such funding requirements must budget such items by appropriate program ID.

At such time that budget requests for these purposes are developed and approved for submission, the following object codes shall be used to show funding for **Chapters 9** (Culture and Arts Grants), and **103F**, (purchase of health and human services) on Table BJ-2:

71CC Purchases of Health and Human Services
71DD Culture and Arts Grants

These object codes should be used only for Chapters 9 and 103F funds. Amounts shall be identified by service activity.

5. Authorized Position Levels

The FTE, position title, program ID/org. code, and means of financing (MOF) of positions are taken from the Human Resources Management System, and already include FY 03 salary increases, repricing, and other salary adjustments. The information on the turnaround forms will reflect:

- a. Position classification and recruitment actions as of July 29, 2002, which have affected positions currently authorized.
- b. Position variances specifically approved by the Governor on a case-by-case basis pursuant to the procedures established under A.D. 90-13.
- c. No salary increases should be shown in the Planning period.

All information should be checked to ensure accuracy.

6. Quarterly Update of Revenue Estimates

Departments are reminded that budget authorization requests for programs affected by special, federal, or other than general fund sources must be based on most recent estimates of anticipated revenue receipts. Federal fund receipts must be updated to reflect changes that have been recently authorized or can be anticipated in the budget and planning period.

Separate instructions have been issued by the Department of Budget and Finance (B&F) with specific requirements for quarterly revenue updates.

7. Equipment and Motor Vehicle Requests for FB 2003-05

Requests for these cost elements should be displayed on the appropriate BJ-3 or BJ-4 forms and included in the departmental base budget (Form CS) worksheets (Form A) as applicable.

8. Collective Bargaining Data

Data for other cost items will require the completion of Form CB-1. Detailed instructions for this form are provided.

Questions pertaining to the Form CB-1 should be directed to Mr. Gordon Chang of B&F at 586-1605.

9. State and Function Plan Guidelines

In preparing the budget pursuant to these instructions, agencies are reminded that the functional plans developed under Chapters 226 and 225M, HRS, *Relating to State Planning* and the *Hawaii State Planning Act*, shall be used as guidelines.

10. State Energy Policies and Guidelines

Budget requests for energy funding shall be based on standards, guidelines, and goals developed by the energy coordinator of the Department of Business, Economic Development and Tourism (DBED). Agencies and departments must comply with policies, programs, projects and action pertaining to State energy use, pursuant to policies mandated by Act 77, SLH 2002.

11. Proposed Land Use and Development Activities

Pursuant to the provisions of A.D. 90-05, the Land Use Division of the Office of Planning in DBED has been designated as the agency responsible for the review and coordination of all proposed (Executive) State agency policies, programs, projects and action which pertain to major land use and development. Agencies and departments must comply with the policies and procedures established by the Office of Planning with respect to matters pertaining to major land use and development, and shall keep that office apprised by forwarding copies of plans, proposals, and associated material to that office for its review.

12. State of Hawaii Statistical Data

The 2001 State of Hawaii Data Book, to be released on the Internet in September, should be used for population projections, economic factors, and other demographic and statistical data. This Data Book and its updates will be available on the Internet at <http://www.hawaii.gov/dbedt/db01>. The Data Book is published only in alternate years, so the 2001 Book will not be available in print. If additional assistance is required, the Research and Economic Analysis Division of DBED should be contacted.

13. Insurance Acquisition, and Payment of Automobile Liability, General Liability and Property Losses

Funding for the payment of automobile liability, general liability and property losses, and for the purchase of insurance policies is consolidated under the Risk Management Program. With the exception of the departments and categories listed below, all State agencies shall include funding for insurance acquisition (59XX), and for payment of automobile liability, general liability and property losses, in accordance with Chapter 41D, HRS, (Risk Management and Insurance Administration) and Comptroller's Memorandum 99-28, "***Risk Management Cost Allocation.***"

The following departments have been authorized by the Comptroller to purchase the type of insurance designated:

Department of Health: Medical Malpractice, Boiler and Machinery, Group Coverage for Volunteers and/or Students.

Department of Human Services: Group Coverage for Volunteers and/or Foster Parents.

DBED (Foreign Trade Zone): Warehouseman Legal Liability.

Department of Transportation (Airports Division): Aviation and General Liability.

University of Hawaii: Medical Malpractice, General Liability, Boiler and Machinery, Group Coverage for Students.

14. Telecommunications Services and Facilities

Departments and Agencies of the Executive Branch shall continue to plan and budget for telecommunications requirements according to existing guidelines and policies until further notice. As such, A.D. 87-1, dated February 6, 1987 (Policy Governing Acquisition and Utilization of Telecommunications Services and Facilities), shall continue to be consulted for guidance, until superseded.

15. Lease/Rental of Office Space

Section 171-30, HRS, provides the Department of Accounting and General Services (DAGS) with the responsibility for any lease, rental, or other acquisition of privately-owned office space for use by State departments or agencies. Departments shall submit all requests to the Comptroller for approval under procedures established by DAGS, and pursuant to **Comptroller's Memoranda No. 1993-15 and 1994-28, "Office Space Leases in non State-Owned Buildings,"** and **1998-19, "Policy Guidelines and Procedures for Leasing Office Space to Ensure Program Access for Persons with Disabilities."**

Please note that all real and personal property acquired through "lease financing" or other financial agreements as defined by Chapter 37D, HRS, must be budgeted on Table BK-2, "Current Lease Payments - Other Current Expenses." See "Instructions for Preparing Program and Financial Plans and Program Budget Requests" dated August 2002 for further explanation of this requirement.

16. Motor Vehicle Purchase Guidelines

Agencies on Oahu and Maui shall rent passenger cars from DAGS Motor Pool instead of purchasing vehicles, whenever feasible. Procurement of passenger vehicles only shall be subject to comptroller's approval of **FORM AMD-MP-007**.

The following guidelines for motor vehicles should be used. For replacement requests, an estimated allowance for trade-ins should be deducted from the prices listed below.

Any agency having a fully justifiable requirement for options or accessories should add an allowance for such items. Specific questions on motor vehicle specifications may be directed to the Automotive Management Division of DAGS.

Passenger Cars

Basic specifications: Automatic transmission, gasoline powered, power or power-assisted brakes and steering, AM/FM radio, white color, and air conditioning.

<u>Category</u>	<u>FY 04</u>	<u>FY 05</u>
A. Sedan, Subcompact	\$14,300	\$14,500
B. Sedan, Compact	18,450	18,450
C. Sedan, Intermediate	20,700	20,800

Sport Utility, Four-wheel Drive

Basic specifications: Automatic transmission, 6-cylinder, gasoline powered, full-size, spare tire, power or power-assisted brakes and steering, painted white or buff, AM/FM radio, air conditioning.

<u>Category</u>	<u>FY 04</u>	<u>FY 05</u>
A. Sport Utility, Compact	\$28,000	\$28,400
B. Sport Utility, Full-Size	32,500	32,900

Vans

Basic specifications: Automatic transmission, 6-cylinder, power or power-assisted brakes and steering, gasoline powered, full-size, spare tire, painted white or buff, AM/FM radio, air conditioning.

<u>Category</u>	<u>FY 04</u>	<u>FY 05</u>
A. Cargo, Mini	\$21,400	\$21,700
B. Cargo, ½ Ton	21,200	21,500
C. Cargo, ¾ Ton	22,000	22,300
D. Cargo, 1 Ton	24,200	24,500
E. 7-Passenger, Mini	22,700	23,000
F. 12-Passenger	26,300	26,600
G. 15-Passenger	28,000	28,400

Light Duty Pickup Trucks

Basic specifications: Automatic transmission, 6-cylinder, gasoline powered, wide bed, full-size, spare tire, power or power-assisted brakes and steering, painted white or buff, AM/FM radio, air conditioning.

<u>Category</u>	<u>FY 04</u>	<u>FY 05</u>
<u>Two-Wheel Drive</u>		
A. Compact	\$19,100	\$19,300
B. ½ Ton	23,300	23,600
C. ¾ Ton	25,700	26,000

Four-wheel Drive

A. Compact	\$19,100	\$19,300
B. ½ Ton	23,300	23,600
C. ¾ Ton	25,700	26,000

17. Out-Year Budget Projections (FY 06, FY 07, FY 08, FY 09)

No growth from FY 03 *Departmental Budget Ceiling (CS-a)* amounts for FB 2003-05 shall be assumed, nor included in out-year estimates, except for projected increases to those “allowable increases” identified in Item 3c of Attachment 2 (debt service/fixed costs/entitlements).

Departments requesting “allowable increases” in any “out-year,” should be prepared to provide supporting data to justify their out-year projected increases, as applicable.

New collective bargaining increases should not be presumed nor included in any Biennium or out-year funding projections.

Summary of Significant Changes from Past Instructions

- ★ 'd sections indicate significant differences from past budget instructions
- Tables A, B, and C (program performance measures) are now in excel database format. Turnaround forms will no longer be used for these tables.
- Negative and positive dollar amounts can now be entered on the same line on the Table BJ-1A, BJ-2, BJ-3, and BJ-4 excel files. Previously, these amounts had to be shown on separate lines.
- The descriptions and major object codes on the first 53 lines of Table BJ-2 are no longer pre-set. You may enter any description and object code on these lines.

General Instructions that Apply to all of the Excel Database Files

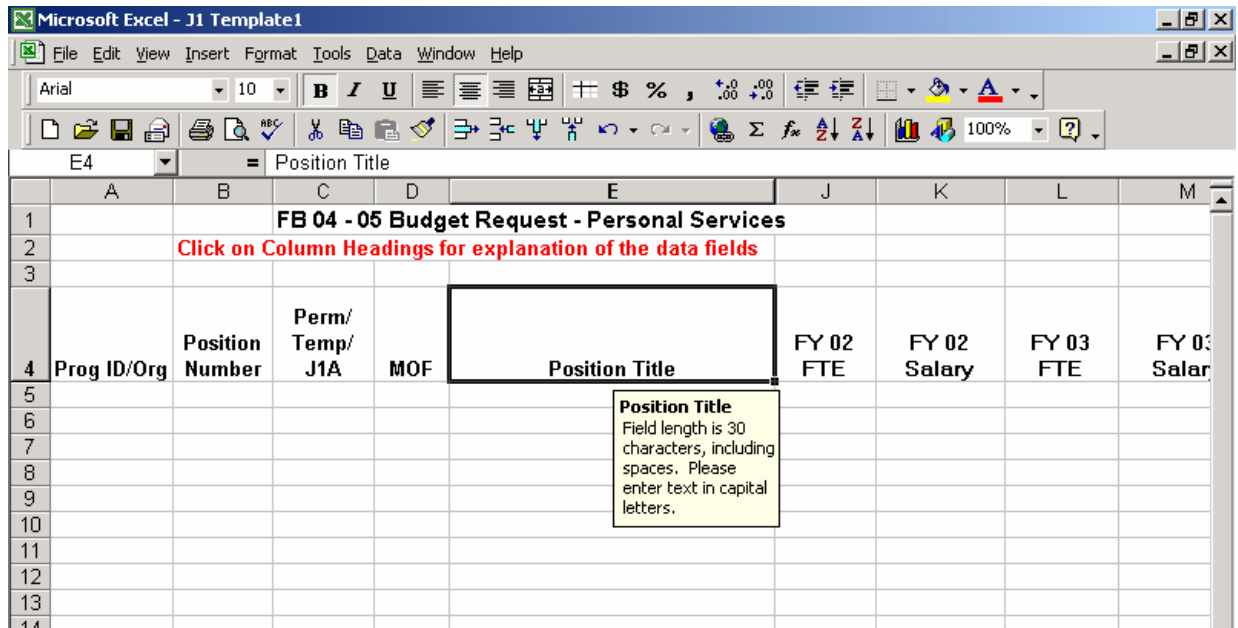
- Keep your Caps Lock key on.** All text must be entered in caps in order to be uploaded to the IBM master files.
- Some text fields, like the position title, incumbent name, other current expenses, equipment, and motor vehicle item descriptions, **are now field-length validated**, ie., an error message box will appear if the description length is exceeded.

	Prog Structure No.	Prog ID	Table/Line No.	(50 char limit) Performance Measure Desc	FY 02
3					
2170	020502	LBR902	A04	TIME LPSE IN PROC REQ FOR NEW HRES & IN-SERV MOVE.	
2171	020502	LBR902	A05	TIME LPSE IN PROC REQ FOR POSN CLASSFCTNS REVIEWS	
2172	020502	LBR902	A06	TIME LPSE IN PROC TEMPR ASSIGNMT PAY REQUESTS	
2173	020502	LBR902			7
2174	020502	LBR902			23
2175	020502	LBR902			22
2176	020502	LBR902			25
2177	020502	LBR902			13
2178	020502	LBR902			2
2179	020503	LBR903	A01	% ECON DISADV INDIVS/HSEHLDs OBTAINING EMPLOYMT	1
2180	020503	LBR903	A02	% REFUGEE INDIVS/HSEHLDs OBTAINING EMPLOYMENT	1
2181	020503	LBR903	A03	% IMMIG INDIVS/HSEHLDs SERVED THAT OBTAIN EMPLOYMT EPL	
2182	020503	LBR903	B01	NO. ECONOMICALLY DISADVANTAGED PERSONS SERVED	530
2183	020503	LBR903	B02	NUMBER OF IMMIGRANTS SERVED	21
2184	020503	LBR903	B03	NUMBER OF REFUGEES SERVED	1
2185	020503	LBR903	C01	NO. OF FEDERAL GRANT APPLICATIONS AWARDED	
2186	020503	LBR903	C02	NO. OF STATE POS PROPOSALS AWARDED	
2187	020503	LBR903	C03	NO. OF RESEARCH/STUDIES COMPLETED	
2188	020503	LBR903	C04	NO. OF PROGRAMS MONITORED/EVALUATED	

Click on [Retry], then click in the description field, edit your description, and then press [Enter]. The error message box will not appear if the length is within the field length.

The error message box will reappear if the description is still too long.

3. An explanation message will appear if you click on the column headings in each spreadsheet.



The message will disappear when you move the cursor out of the column heading cell.

4. **All line numbers on the excel files (BJ-1A, BJ-2, BJ-3, and BJ-4) are three-digits long.** These columns have been formatted to display three digits even if you enter 1 or 2 digits, but please enter three digits (ie., 013) if the formatting doesn't work.
5. **Key on [Data]/[Form] to make updating large files, like the personal services file, much easier.** This feature displays all of the fields of one record (one row of the excel file) in boxes all on one screen; you no longer have to tab over to see the end of the row. See the screen print below.

When you press on [Data]/[Form], a screen with all of the data fields and column headings, and a column of buttons on the right hand side of the screen will appear. The buttons are [New], [Delete], [Restore], [Find Prev], [Find Next], [Criteria], and [Close].

- [New] – this button will display a blank form for entering a new line to your spreadsheet
- [Delete] – this button will delete the record that is showing in the data boxes on the screen
- [Restore] – this button will restore the original data on the record if you press it before you press [Enter]. Once the data is entered, [Restore] will not bring back the original data.
- [Criteria] – use this button to call up specific records. Key in the program

ID/org and position or line number of the desired record and press [Enter].

The record should then show up and you can enter your updates. Then press [Enter], and the next record in the file will be displayed.

See the note below, which explains further about using [Criteria].

- [Find Prev] and [Find Next] – these buttons will call up the previous or next record that matches the program ID/Org code and position/line number that you entered.
- [Close] – this button will close the form and display the normal excel spreadsheet.

NOTE: When using [Criteria], excel will search from the last record shown on the form to the end of the spreadsheet. This means that if you last called up a record in HTH530CC and now want to call up a record in HTH141EC, excel will not find the record, assuming that your file is sorted in program ID/org code sequence.

In order to find HTH141EC, slide the scroll bar (found immediately to the left of the column of buttons) up to the top of the column, then press [Criteria], and key in the record you want to find. Excel can then search for your record from the beginning of the file. - **OR** – click on [Find Prev] and excel will search back to the beginning of the spreadsheet.

When you key in data and press [Enter], the record on the excel file will be updated (or deleted or added to the file, if you pressed the [Delete] or [New] button).

AGR J1		1 of 669	
<input type="checkbox"/> Prog Id/org:	AGR101GA	Employee ID:	
<input type="checkbox"/> Position Number:	010	Employee Record:	
<input type="checkbox"/> Perm/ <input type="checkbox"/> Temp/ J1A:	J1A	Civil Service/Exempt:	
MOF:	B		
<input type="checkbox"/> Position Title:	STUDENT HELP		
FY 00 Auth FTE:			
FY 00 Annual Salary:			
FY 01 Auth FTE:			
FY 01 Annual Salary:			
FY 02 Auth FTE:			
FY 02 Annual Salary:			
FY 03 Auth FTE:			
FY 03 Annual Salary:			
<input type="checkbox"/> Incumbent Name:			
BU Code:			
SR/Step:			
Class Code:			
Next Step Mvt Date:			
DPS Org Code:			
Apprn Account (UAC):			

New

Delete

Restore

Find Prev

Find Next

Criteria

Close

Instructions for Preparing Program and Financial Plans and Program Budget Requests

August, 2002

General Budget Information

1.0 Types of Cost Categories

- Research and Development
- Operating
- Capital Investment

1.1 Research and Development Costs

1.1.1 Definition of Research and Development Costs

Costs primarily associated with the development of a new program, system or capability to the point where capital and/or operating costs are required to introduce the program, system or capability into operational use. Research and development costs are expended over a limited period of time to insure that future funds will not be committed without an appropriate assessment of future benefits and costs.

1.1.2 Examples of Research and Development Costs

- Personnel salaries and wages.
- Employee fringe benefits.
- Expenses of a consumable nature, such as materials and supplies; travel expenses; utilities; stamps; consultant fees; building and equipment rentals.
- If bond financing is utilized, allowable equipment for staff and programs, are stipulated in Executive Memorandum 97-07, as amended.

1.2 Operating Costs

1.2.1 Definition of Operating Costs

Recurring costs to operate, support and maintain authorized programs.

1.2.2 Examples of Operating Costs

- Personnel salaries and wages.
- Employee fringe benefits.
- Expenses of a consumable nature, such as materials and supplies; travel expenses; utilities; stamps; consultant fees; building and equipment rentals.
- All repairs and maintenance of existing buildings and facilities (reroofing, repainting, resurfacing) in order to retain and restore their former condition, unless the construction cost exceeds 40 percent (40%) of the replacement value for the entire facility. See Executive Memorandum 97-07, as amended, for additional guidance.
- Equipment needed by staff and programs.
- All equipment and furnishings for existing buildings.
- All motor vehicles for programmatic purposes, including buses and ambulances.

1.2.3 Differences Between Research and Development and Operating Costs

The resources utilized by the Research and Development and Operating cost categories are for different stages of the program and over a different time-frame. The purposes of research and development costs are to plan, test, and evaluate new capabilities which are not currently being utilized by State programs.

After the merits of this new capability have been evaluated, a decision can be made to terminate or to continue this capability. If the decision is to continue this capability on an on-going basis, the outlays will then be considered as an operating cost due to the recurring nature of the expenditures.

1.3 Capital Investment Costs

1.3.1 Definition of Capital Investment Costs

Capital improvement costs are those costs beyond the research and development phase which are required to support the continuation of a program by providing facilities and other related physical support. The time stream of benefits will accrue over the expected life of the facility.

Acquisition and development of land, the design and construction of new facilities, and the making of renovations and additions to existing facilities are expenses usually associated with capital investment costs.

1.3.2 Examples of Capital Investment Costs

- Advance planning for specific complexes, including the development of cost estimates and other support activities (feasibility study, site selection, master plan, long-range facility related plan, etc.).
- Acquisition of land and other related expenses, such as appraisal fee and cadastral engineering.
- Architectural and engineering design, including the preparation of an environmental impact statement and other necessary building permits and zoning clearances.
- Construction of facilities, including built-in equipment and fixtures to make the facility operable and other related engineering services.
- Initial furnishings and equipment essential for the proper functioning of the facility which cannot be provided by the existing inventory.
- Art-in-state buildings, as stipulated by Section 103-8.5, HRS.
- Projects which would renovate existing facilities as follows:
 - Extend or add to a facility to accommodate program growth.
 - Modify a facility in order to comply with standards which have been adopted since the construction of the facility (OSHA, EPA, programmatic, etc.) or to change its usage and utility.
 - Make significant improvements to a facility for better functional or operational efficiency.

1.3.3 Differences Between Operating and Capital Investment Costs

Equipment needed for on-going programs are operating cost items, while the initial equipment to make the physical plant functional are capital improvement cost items

Small replaceable equipment items which are used for programmatic purposes and have a life expectancy of less than 20 years (slide projectors, weighing scales, cameras, portable microphones, etc.) are not allowable as CIP costs.

All repair and maintenance projects should be treated as an operating cost irrespective of magnitude and cost. See Executive Memorandum 97-07, as amended, for additional guidance as to non-allowable CIP.

2.0 Means of Financing

The 16 different types of funds to finance programs are called means of financing. The means of financing of each of the three cost categories must be identified. The codes to indicate each means of financing are listed below:

<u>Code</u>	<u>Financing</u>
A	- General Fund
B	- Special Funds
C	- General Obligation (G.O.) Bonds
D	- G.O. Bonds Reimbursable
E	- Revenue Bonds
J	- Federal Aid Interstate
K	- Federal Aid Primary
L	- Federal Aid Secondary
M	- Federal Aid Urban
N	- Other Federal Funds
R	- Private Contributions
S	- County Funds
T	- Trust Funds
U	- Inter-departmental Transfers
W	- Revolving Funds
X	- Other Funds

Program Performance Measures

3.0 Types of Performance Measures

- **Planned Levels of Program Effectiveness (Table A)** – the degree to which results and accomplishments are expected with the implementation of the executive budget
- **Projected Target Groups (Table B)** – recipients or beneficiaries of the services provided by the program
- **Program Activities (Table C)** – major activities that will be carried out by the program to achieve the planned levels of program effectiveness

3.1 Performance Measures Excel File



The performance measure excel file replaces the Tables A, B, and C turnaround forms; do not submit loose tables anymore. All of the fields that were on the tables have been incorporated into the excel file.

After preliminary budget recommendations have been made by the B&F, these tables should be updated to reflect the level of program goals that will be achieved by the implementation of the approved executive budget.

The performance measures and data in the Variance Report will come from this file.

3.2 Explanation of Data Fields – Sample 1

Program Structure Number	The program structure number associated with the program ID or program level. Include the 0's.
Program ID	Fill in if this is a lowest level program. For intermediate or highest level programs, leave this field blank.
Table/Line No.	Identifies the type of measure (A, B, or C) and the sequence number (1 thru 10). Valid values in this field are A01 thru A10, B01 thru B10, and C01 thru C10.

Performance Measure Description

May include special characters and is limited to 50 spaces. Please include units of measure if the units are not clearly implied in the description

Do not change the wording of any description without first consulting the appropriate B&F analyst.

Fiscal Year Columns

Enter the data for the performance measures. Maximum of 7 characters; special characters may be used.

The Operating Budget

4.0 Components of the Operating Budget

- Table BJ Summary - summarizes the detail tables
- Detail Tables (Cost Elements):
 - Personal Services (Tables BJ-1, BJ-1A, and BT-1)
 - Other Current Expenses (Table BJ-2)
 - Equipment (Table BJ-3)
 - Motor Vehicles (Table BJ-4)

Turnaround forms will be provided for the Table BJ Summary only. All of the detail tables have been converted to excel spreadsheets.

4.1 Table BJ Summary – Explanation of Data Fields – Sample 2

Program ID	The program ID including the two-digit BUF organization code (i.e., AGS 101CA).
\$	<p>Enter the dollar amounts of personnel costs funded by the means of financing designated in the MOF block</p> <p>The cost amounts must equal the sum of the amounts on Tables BJ-1, BJ-1A and BT-1, by means of financing.</p>
P	<p>Enter the position counts from Table BJ-1 funded by the means of financing entered in the \$ line immediately above the P line.</p> <p>Use as many pairs of \$ and P lines as needed (depending on the number of different types of means of financing in the program). Start with lines 01 and 02. Do not skip any lines.</p>
TR	Transaction Code - Leave this column blank.
MOF	Means of Financing – Select one of the codes listed in the box below the program ID.

Total Personnel Cost	Enter the total of all personnel costs entered in lines 01, 03, 05, and 07. Enter this total on line 09 also.
Total No. of Personnel Positions	Enter the total of all position counts entered on lines 02, 04, 06, and 08. The total position count must equal the total number of positions in Table BJ-1. These position counts should <u>not</u> include part-time, project-funded, temporary or other positions not permanently authorized.
Line 09 Personal Services	Total personal services costs which should equal the amount entered in Total Personnel Cost.
Line 10 Other Current Expenses	Enter the total of Table BJ-2, Other Current Expenses, all means of financing.
Line 11 Equipment	Enter the total of Table BJ-3, all means of financing.
Line 12 Motor Vehicles	Enter the total of Table BJ-4, all means of financing.
Part I Total Costs	The total of Lines 09, 10, 11, and 12.
MOF	Means of financing code of the requested amounts.
Lines 13 – 17	Enter the total of each means of financing required to fund this program.
Part II Total Costs	The total of all costs by means of financing which should match the Part I Total Costs

4.2 Personal Services (Tables BJ-1, BJ-1A, and BT-1)

- Personal services includes the major objects of expenditure 20XX and 28XX only. 29XX, Services on a Fee Basis, is reflected on Table BJ-2, Other Current Expenses.
- Table BJ-1 - authorized permanent positions only.
Table BT-1- temporary positions.
Table BJ-1A - other personal services costs, such as overtime, night differential, etc.

- All active, authorized, and budgeted positions as of July 29, 2002 on the DHRD Human Resources Management System (HRMS) are shown on the turnaround forms. The following positions were not included:

1. Student positions.
2. Positions with any of these five attributes: vicing; floater; substitute; seasonal; or temporary as needed.
3. Any position titled classroom cleaner or adult supervisor.

NOTE: Any corrections made to the turnaround BJ-1 form will not automatically update HRMS.

- Salary Projection Methodology

1. Salary data shown for FY 04 and FY 05 are based on the latest collective bargaining contracts.
2. Hourly and daily rate positions are converted to a monthly salary, based on the FTE percent by using eight hours per day and 173.33 hours per month.
3. All vacant civil service positions have been reduced to the entry step on the pay scale. The salaries of vacant exempt positions are the salary amounts of the last incumbent, if the record of the last incumbent exists in HRMS. **If there is no record of the last incumbent, the salary is 0.**
4. If a position is funded by more than one means of financing, show each MOF portion on a separate line.

- Because the BJ-1 file will be used as the basis for collective bargaining and other reports, it should reflect the most current information possible. Please ensure that each position title shows its corresponding BU and SR levels as laid out in the DHRD Compensation Plan. For example, a Clerk Steno II position should show job code 01.080, SR09, and BU 03

- Pseudo Position Numbers - A unique pseudo number must be assigned to each new position, i.e., a pseudo number cannot be used more than once in the same department.

1. Positions requested for FY 04 will have pseudo numbers beginning with 94xxxA, and positions requested for FY 05 will have numbers beginning with 95xxxA (xxx is the arbitrary

number assigned to the position, and A is the department's alpha code.

Example: 94001M is a pseudo number for a position (001) that the DAGS (M) is requesting for FY 04

2. For further information on pseudo position numbers, contact your departmental coordinator.
- Show positions that are on loan from one department (or program) to another only in the department from which they are loaned. For example, if the Attorney General (AG) has assigned persons to the Department of Transportation (DOT), they should be included in the Attorney General's personnel total.

Use MOF code U as the funding for these positions in the AG budget. DOT should show the cost of the positions as Other Current Expenses, using the appropriate MOF code (in this case, MOF B – special funds).
 - Include employee fringe benefits as a BJ-1A line item only if the program is non-general funded.
 - Do not include funds in the planning period for anticipated collective bargaining increases.

Personal Services Excel File – Explanation of Data Fields – Sample 3

(Asterisked fields are key fields and must be filled in for uploading purposes)

<u>Field</u>	<u>Description</u>
Program ID *	The program ID including two-digit B&F organization code (i.e., BUF 131EA).
Position/Line Number *	If Perm/Temp/J1A field is J1 or T1 – enter the six-digit position number. If J1A - enter the three-digit line number.
Perm/Temp/J1A *	Enter J1 for permanent positions; T1 for temporary positions; or J1A for other personal services
MOF *	Enter the means of financing for this line

Position Title	The position title of the position (J1 or T1) or item description (J1A). Limit of 30 characters, including spaces.
Incumbent's Name	<p>The name of the incumbent (last name first) of the position. <u>If the position is vacant, leave this block blank; do not enter the word 'vacant'.</u></p> <p>If J1A, leave this field blank.</p>
BU	<p>The bargaining unit of the position (13, 03, 93, 73, etc.)</p> <p>If J1A, leave this field blank.</p>
Employment/Step Movement Date	<p>The employment or step movement date of the position (MMDDYY). For example, June 30, 2002 should be entered as 063002. Do not format this field as a date field.</p> <p>For vacant or new positions, this box should be left blank. This date can be found in block 39a of the employee's SF-5 form.</p> <p>For included units 02, 03, 04, 09, 29, 13 and 23 and excluded units 82, 63, 84, 79, 99, 73 and 93 where the NOA code is 415, the date comes from block 39a of the SF-5 form. If the NOA code is other than 415, the date comes from block 48.</p> <p>For all other units (01, 05, 06, 07, 08, 10, 20, 11, 21, 61, 55, 56, 87, 68, 88, 70, 90, 71, 91), the date comes from block 48.</p> <p>If J1A, leave this field blank.</p>
Salary	Salary range, wage board scale or excluded managerial. For filled positions, include the step (SR21L3, WB02C1, etc.). If J1A, leave this field blank.
Job Code	Class code of the position as assigned by the Department of Human Resources Development's (DHRD) Compensation Plan. If J1A, leave this field blank.
SOH Organization Code	The ten-digit State of Hawaii organization code to which position belongs (1501, 15030507, etc.). If J1A, leave this field blank.
Appropriation	The appropriation account which funds this position. Fund symbol and department alpha code

are required; subdivision code is optional (i.e., G001T023 or G001T are acceptable forms of the appropriation account). Do not enter the year. If J1A, leave this field blank.

FTE Columns

The FTE for this position over the preceding two years and the budget period years. If the position is in multiple program IDs or means of financing, enter the portion of the FTE applicable to this line.

Enter the FTE for budgeted temporary positions on Table BT-1. The summarization program will not add these counts to the total authorized position count for the program.

If J1A, leave these fields blank.

\$

Enter the actual, budgeted and projected salary amounts for the preceding two years and the two-year budget period. Show new or vacant positions at the entry level.



For J1A : Negative and positive dollar amounts can now be shown on the same line. For example, the following amounts can be entered on the same line under the four fiscal year columns: -12,500 25,000 -54,995 1,500

4.3 **Table BJ-2 - Other Current Expenses**



- In the past, the item descriptions and object codes of the first 53 lines of Table BJ-2 were pre-set. This practice has been discontinued. You may enter any object code and any description on any line of the Other Current Expenses file.
- Exceptions to this flexibility: specific object codes have been assigned in the following three areas for budgeting purposes only:

EDP-Related Requests

71BB EDP Consultant Services

56AA Rental of Word Processor

56BB Rental of Micro/Mini-Computer

56CC Rental of CRT Terminal

56DD Rental of Printer

56EE Rental of Other EDP Equipment

57AA Other EDP Rentals

58AA R&M of Computer Equipment

Services-on-a-Fee-Basis (Previously 2900)

29AA Personal Services Rendered by Other State Departments and Agencies (State Employees)

71AA Services-on-a-Fee Basis (Other than State Employees)

Chapter 42D Purchases of Service, Grants, and Subsidies

71CC Purchases of Health and Human Services

71DD Grants

71EE Subsidies

- Effective July 1, 1996, all real or personal property acquired by the State through leasing or other financial agreements as defined by Act 119, SLH 1996, will be budgeted on the BK tables. See Section 5.2 of these instructions and Attachment 1 for more discussion of this matter.

Other Current Expenses Excel File – Explanation of Data Fields – Sample 4

Asterisked fields are key fields and must be filled in for uploading purposes.

<u>Field name</u>	<u>Description</u>
Program ID *	The program ID including two-digit B&F organization code.
Line Number *	The three-digit line number of this item in this program ID/org code.


Description	Description of this item; should be limited to 50 characters including spaces.
Means of Financing *	The means of financing code for this line item.
Object Code	Enter the major object code or your department's minor object code for this item.
LOCN	The location (island code) of the item. O = Oahu H = Hawaii M = Maui K = Kauai S = Statewide
NON REC	Non-recurring item. If the item is a one-time cost or only required for the budget period, it is considered non-recurring. Enter an "X" in this column if the item is non-recurring.
Costs	These columns are to be used for entering actual (FY 02), estimated (FY 03) and requested (FB 2004-05) dollar amounts.

NOTE: Use the appropriate costs and inflation factors as stipulated in the attached Guidelines.

4.4 Equipment (Table BJ-3) – Sample 5

Asterisked fields are key fields and must be filled in for uploading purposes.

<u>Title</u>	<u>Description</u>
Program ID *	The program ID including two-digit B&F organization code.
Line Number *	Consecutively number all items beginning with 001.
Description	A description of the equipment item being requested. The description should be limited to 42 characters including spaces.
MOF	The means of financing code for this equipment.
Object Code	The object code of the requested equipment.

LOCN	The island location code for the equipment.
R or A	Insert an "R" if the item(s) of equipment represents a Replacement of existing equipment or an "A" if the item(s) is an Addition .
Cost Per Unit	Enter the cost per unit in whole dollars. If there is a cost difference for an item between the two years of the budget biennium, enter the items to be purchased in FY 04 on one line and those to be purchased in FY 05 on a separate line.
Number of Units	Enter the number of units of the equipment requested shown to 2 decimal places, (for example, 1.00 or .50). In those cases where two means of financing will be used to purchase an item, complete 2 lines showing the MOF and the proportion of the item funded by that MOF.
Costs	The estimated purchase prices of equipment described.
	<p>For the first time, FY columns for the previous biennium (FY02 and FY03) are included on the excel file. Enter the actual equipment expenditures, by MOF, in these columns and on Line 11 of the BJ Summary table.</p> <p>The FY 02 and FY 03 columns will not be uploaded to the IBM master files and therefore, will not appear on the budget detail hardcopies. They will be displayed on the excel files for information only.</p>

4.5 Motor Vehicles (Table BJ-4) – Sample 6

Each vehicle requested must be listed separately on a single line.

<u>Title</u>	<u>Description</u>
Program ID	The program ID including two-digit B&F organization code.
Line Number	Consecutively number all vehicle requests beginning with 001.

Description	A description of the motor vehicle being requested, limited to 42 characters including spaces.
Means of Financing	The means of financing code for this vehicle. Only one means of financing code can be used per line. Means of financing codes can be found either on Table BJ or in Section 3.0 of these instructions.
Object Code	The object code of the requested vehicle.
LOCN	Location at which this vehicle will be used.
R or A	Insert an "R" if the motor vehicle is a R eplacement of existing vehicle or an "A" if it is an A dditional vehicle. All R requests must have the next three columns (year, model, miles run) completed.
Year	Enter the last two digits of the model year (e.g., 85 is entered for 1985) of the vehicle being replaced.
Model	Enter the model of the vehicle being replaced, limited to five characters.
Miles Run	The mileage of the vehicle being replaced.
Costs	The estimated purchase prices of the vehicle described for each of the two years of the budget period Use costs projected in the <u>General Guidelines</u> .



Like the Equipment file, FY columns for the previous biennium (FY02 and FY03) are included on the excel file for the first time. Enter the actual motor vehicle expenditures, by MOF, in these columns and on Line 12 of the BJ Summary table.

The FY 02 and FY 03 columns will not be uploaded to the IBM master files and therefore, will not appear on the budget detail hardcopies. They will be displayed on the excel files for information only.

5.0 Revenue Estimates

Revenue estimates are collected quarterly from each department via the Revenue Estimating System and are supplied to the DAGS revenue collection system. The quarterly update information is also used in the Statewide Financial Plan and is one of the bases for computing expenditure allocations.

Be sure to report all revenues from ceded lands since payments to OHA must now be budgeted consistently in all affected departments.

The latest revenue estimate update was due to B&F in August 2002. These estimates will be used as the basis for evaluating the expenditure requirements of each program over the budget and planning period. Extra revenue estimate forms are available at the B&F, Ext. 6-1841.

6.0 Current Lease Payments

In order to comply with Act 119, SLH 1996, the BK tables, which were formerly used for Research and Development costs, have been renamed "Operating Costs - Current Lease Payments" and will be used to capture funding requirements for lease payments in this biennium budget.

Briefly, the purpose of the act is to protect the State's credit rating by disclosing funding requirements for leases and other financing agreements in the Program and Financial Plan and Executive Budget. The act also makes current lease payments a new cost element in the operating budget. Clarification regarding which leases and financing agreements in the operating and capital budgets are covered by this Act will be issued separately.

Enter your funding requirements for these financing agreements on loose Table BK Summary forms and the appropriate BK detail excel files (BK-1, 2, 3, or 4). The layout of these files is identical to the Table BJ-2, 3, and 4 files used for the operating budget, so refer to the detailed instructions for the BJ series when completing these files.

ENTER YOUR FINANCING AGREEMENT REQUIREMENTS ON THE BK FILES ONLY. DO NOT INCLUDE THEM ON THE BJ TABLES WITH YOUR OTHER RENTAL REQUIREMENTS OR YOU WILL BE DOUBLE BUDGETING THESE AMOUNTS. The total of all of your department's Table BJ and BK amounts must be within your budget allocation ceiling.

Use major object code 77 for equipment and motor vehicle financing agreements, and major object codes 55, 56 or 57 for items falling under other current expenses.

7.0 **Capital Improvement Resource Requirements (CIP)**

Components of the Capital Budget & Finance

- Table P – Required Appropriations
- Table Q – Expected Expenditures
- Table R – Project Justification

A set of each of the three tables is required for each capital project requesting authorizations during the budget biennium.

7.1 Table P – Required Appropriations – Sample 7

Program ID	Enter the Program ID of the program requesting the project
Capital Project Number	6-character (numbers and/or alphas) project number that is assigned by the requesting department.
Senate District	Enter the two-digit senatorial district in which the project is located. See the attached listing of senatorial district codes
Priority Number	Enter the four-digit priority number (0001 is the most important). The priority can be changed as new projects come into being and others are completed.
Island Code	Enter the one-digit island code where the project is located: 0 - Statewide 1 - Oahu 2 - Maui 3 - Hawaii 4 - Kauai 5 - Molokai 6 - Lanai
Representative District	Enter the representative district code where the project is located. See the attached listing of representative district codes.
Project Scope	Enter one of the following codes: N = New project I = Renovation project

A = Addition project
R = Replacement project
O = Other

Project Title	<p>The title should begin with the name of the building, road, or complex followed by the island where the project is located. For example, “Lihue Airport, Security Improvements, Kauai” or “Kapolei High School, Fourth Increment, Oahu”.</p> <p>Projects covering different complexes and areas should not be lumped together into a single project unless it is required to facilitate <u>necessary</u> flexibility.</p>
Project Description	<p>Start all project descriptions by stating the cost elements being requested in the budget period. For example, “Design, construction, and equipment for the renovation of Buildings C and H.” Limit of 60 characters per line, including spaces.</p> <p><u>Under no circumstances should any project description state that unexpended balances from projects in previous appropriations acts may be used for the purposes of this project.</u></p>
Lines 10-14	Enter the requested appropriations (in thousands of dollars) on the applicable cost element lines.
Lines 15-19	<p>Enter the MOF in column 20 and the requested amounts (in thousands of dollars) under the applicable fiscal year columns.</p> <p><u>The total of each column of Lines 10-14 must equal the total of each column of Lines 15-19.</u></p>

7.2 Table Q - Expected Expenditures – Sample 8

Top Line	Enter the Program ID and Project Number in the boxes in the upper left-hand corner of the page.
Lines 01-07	Implementation Schedule. Enter the month (01 through 12) and the year (last two digits) for each of the seven phases of construction.

Line 08	Effect on Operating Budget. Enter the total effect that the capital project will have upon salaries of the operating budget during the first complete year after occupancy (Columns 20-25). Columns 21-25 are for providing the amount (in thousands of dollars) of the effect; Column 20 is for indicating whether the amount represents a decrease (by entering a "-" in the space), or an increase (insert a "+"). Columns 26-31 are to be used in a similar manner to indicate the project's effect on maintenance, Columns 32-37 for other expenses, and Columns 38-43 for utilities.
Lines 20-24	Cost Estimates. Enter the original and current cost estimates, and the final costs for the project in thousands of dollars. Each line is for a different cost element, as indicated.
Lines 25-38	State Appropriations. Indicate all prior state appropriations (if any) by year (last two digits of the year), appropriations act number (three digits), and the item number (up to ten digits). The total appropriation should be shown by the five cost elements. The first entry (if any) should be made on line 25. No lines should be skipped.
Lines 10-14	Expected Expenditures. Enter the expected expenditures (amount expected to be paid to contractors) under the applicable fiscal year columns and cost element lines.
Lines 15-19	Enter the MOF code in column 20 and the expected expenditure amounts under the appropriate fiscal year columns.

The total of each fiscal year column of Lines 10-14 must equal the total of each column of Lines 15-19.

7.3 Table R - Capital Project Information and Justification Sheet – Sample 9

Project justification is required for each project that requests appropriations during the biennial period.

The following information, which is mostly self-explanatory, is required:

Top left corner	Fill in the expending agency, user program ID, and capital project number (not to exceed six characters).
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Project title	Title as it appears on Table P.
Project Description	Project description as it appears on Table P.
Total Est. Project Cost	Total project cost, prior appropriations, and future-funding requirements by cost elements (plans, land acquisition, design, construction and equipment).
Project Information and Justification	<p>Information should be provided to address and clarify the following:</p> <ol style="list-style-type: none">1. The scope of the project, and whether the scope conforms to appropriation language.2. Benefits to be derived and target group(s).3. Relationship of the requested project to other planned developments within the area, if applicable.4. Factors considered in the development of the project timetable.5. Consequences of possible deferral of this project.6. Basis for estimating capital improvement requirements (e.g., enrollment, staffing, nature of program activities, traffic patterns and volume, need for recreational facilities, etc.).7. Standards or criteria used to translate space and facilities required by operating program into specific requirements (e.g., square feet of space/position level, miles of highway, acres of recreational area/000s population). Published standards currently in use for major categories of capital facilities, such as school buildings, highways, etc., should be provided to B&F.8. Analysis of the alternative ways of meeting capital requirements. These alternatives may include more efficient use of existing facilities; renovation and/or expansion of existing facilities; construction of new facilities; leasing facilities; construction of temporary facilities. They may also include alternative definitions of service areas

in combination with alternative minimum/maximum criteria governing the size of the facility (e.g., school boundaries).

9. Plot plan, drawn to scale if possible, to illustrate the following:
 - a. Existing buildings, roads, and applicable infrastructure in the area of the proposed project.
 - b. Outline of improvements, including:
 - 1) existing improvements;
 - 2) improvements under construction;
 - 3) improvements previously authorized by the Legislature but not yet under construction; and 4) other proposed improvements.
 - c. Land use requirements in acres. Indicate setbacks, rights of way, easements, parking areas, landscaped areas, open areas, and building areas.
 - d. Location description. Note: Requests for funds for projects with an undetermined location may be subject to further review.
 - e. Other details including: 1) notation of the plot plan structures which would be replaced by the proposed project; and 2) if the facility is to be used by more than one department, the expending agency should prepare and submit one plot plan showing the floor areas being used by each department.

7.4 Table S - Summary of CIP Proposed Lapses and New Requests – Sample 10

Table S summarizes each department's proposed lapses and new requests by means of financing. Part A (Proposed Lapses) requires the act number and year, the project's item number in that act (e.g., G-12), the project title, the amount to be lapsed, and the means of financing.

Part B (New Requests) is a listing in priority order of the budget requests. Information that must be provided is the program ID in which the appropriation is being requested, the project title, and the requested amounts by fiscal year and means of financing.

8.0 Form PAB - Expenditure of G.O. Bond Proceeds Questionnaire (Replaces Private Business Use Questionnaire)

Form PAB must be completed for any project which includes, as a source of its funding, G.O. (C) or G.O. reimbursable (D) bond fund proceeds.

Questions are self-explanatory; however, the Policy and Procedures Manual prepared by Grant Thornton, Management Consultants, describes the roles, responsibilities, and procedures that user and expending agencies must follow to comply with Tax Reform provisions relating to G.O./G.O.R.-funded CIP. Specific questions on this questionnaire should be directed to the Financial Administration Division of the Department of Budget and Finance.

9.0 Program Plan Narrative – Sample 11

- Type lengthwise (across the 14" side in two columns) on 8-1/2" x 14" paper with a three-fourths inch margin on the left and right sides of the paper.
- Type the program structure number in the upper right-hand corner of the page.

Example:

07 01 01 01

- Type the program ID and description in the upper left corner of the page.

Example:

EDN 100: SCHOOL-BASED BUDGETING

- The program narratives should not exceed four pages. Additional pages can be submitted provided prior approval from the Department of Budget and Finance is obtained.

Do not refer to input tables by their letter designations. Instead, refer to the type of data, e.g., target group data, personnel data, etc.

- Each narrative should contain all of the following sections:

A. Statement of Program Objective(s)

Use the objective from the State of Hawaii Program Structure document, or as approved in the latest program structure update.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Briefly describe the significant items (new programs that will be started, trade-offs that will be made in order to accommodate these new programs, etc.) in your FB 2004-05 budget request. For new programs starting in FY 04, discuss how these programs are appropriate functions of State government and how implementation by government will be as cost-effective as by the private sector

C. Description of Activities Performed

This section should contain a brief description of the major activities carried out by the program to achieve program effectiveness.

D. Statement of Key Policies Pursued

This section should clearly state the key policies pursued. This section should state how the activity will carry out the objectives and policies of Part I and Part III (Priority Directions) of the Hawaii State Plan and the interim planning documents as stipulated by Administrative Directive No. 82-3, dated May 3, 1982.

E. Identification of Important Program Relationships

This section should identify important program relationships involved. Federal, City and County, and private sector programs, which have significant relationships to the current approved program, should be identified since obviously the State's activities should be integrated and coordinated with those of all of the other agencies. Particular reference shall be made to relationships with programs which further carry out the Priority Directions of the Hawaii State Plan and the interim planning documents.

F. Description of Major External Trends Affecting the Program

Broad local, state, national and international trends affecting the program should be briefly discussed.

G. Discussion of Cost, Effectiveness, and Program Size Data

This section should contain: a discussion of significant discrepancies between previously planned cost, effectiveness, and program size levels and those actually achieved; comments on and an interpretation of cost, effectiveness and program size data over the upcoming budget period with special attention devoted to changes from the current budget period; comments on and an interpretation of cost, effectiveness and program size data over the four years of the planning period and how they relate to the corresponding data for the budget period.

H. Discussion of Program Revenue

This section is for indicating all revenues generated by (or expected to be generated by) the current program.

Program revenues do not include legislative appropriations or transfers from other departments. The narrative should explain the basis for all revenue estimates.

I. Summary of Analysis Performed

This section should contain a summary of special analytic study, program evaluation or other analytic report supporting a substantial change in the program where such a major change recommendation has been made.

The narrative should summarize the findings of any program analysis performed and explain the plans to accomplish program objectives and the programming of the plans over the next six years. A sample format follows:

- a. General Nature of the Problem
- b. Reasons for Attention at this Time
- c. Target Groups
- d. Client Groups
- e. Other Programs Relevant to this Problem
(Including State, County, and Federal Programs)
- f. Objectives Related to this Problem
- g. Measures of Effectiveness Related to this Problem
- h. The Framework of the Analysis
- i. Alternatives
- j. Evaluation of Alternatives
- k. Recommendations
- l. Appendices (As Needed)

J. Further Considerations

Program analysis is not necessarily limited to the items specified in A through H. Some program managers may feel the need to include additional material and are encouraged to do so, keeping in mind the requested four-page limitation. If a further assessment of the program is warranted, an appendix should also

be submitted. The length of the appendix will not be limited to any specific number of pages. However, the existence of an appendix should be noted in this section and that copies will be made available to interested parties.

10.0 Organization of Submission to B&F

Initial Budget Request – Due October 4, 2002

- Form CS-a 1 copy
- Form CS- 1 copy
- Form CS+ 1 copy
- Capital Budget Submission –
 - Tables P and Q - Capital Project Details – 2 copies
 - Table R - Capital Project Information and Justification Sheet – 1 copy
 - Table S - Projected CIP Expenditures from Existing and Requested Appropriations – 1 copy

Final Budget Request Reflecting Executive Budget – November, 2002

- Final BJ and BK Summary Tables – 2 copies
- Performance Measures (Tables A, B, and C) excel file via e-mail to Adele Muronaga and the B&F analyst assigned to your department; hardcopy not required
- Program Narratives – original and 1 copy
- Budget Detail excel files via e-mail to Adele Muronaga and the B&F analyst assigned to your department; hardcopy not required – December 30, 2002

Sample Tables and Forms

The following tables and forms have been included for reference purposes.